

Forest Market Trends for *Alabama*

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Recent indicators show that forestry markets in Alabama continue to be affected by the economic downturn. However, there is some indication that this condition is beginning to improve. The U.S. economy is beginning to rebound and company profits are increasing.

Investors still see forestry as a stable investment as they purchase forestland from industry trying to consolidate and become more efficient. These investors, primarily investment management organizations, see timberland investments as a viable alternative to the stock market that continues to recover. Prices for these lands are somewhat discounted, but are still historically high, especially in the current market.

Alabama's commercial forests are growing faster than harvests, and will be able to supply existing as well as new markets, especially those utilizing small diameter wood. If the dollar weakens further it will be cheaper for foreigners to purchase U.S. products, and increased exports would further improve forestry markets. Overall, the forestry sector is in good shape and should respond well as the economic climate improves.

Timber Price Trends

The following graphs show the price trends of timber stumpage for the main forest products harvested and delivered to primary mills in Alabama. These trends are based on *Timber Mart-South* survey results.

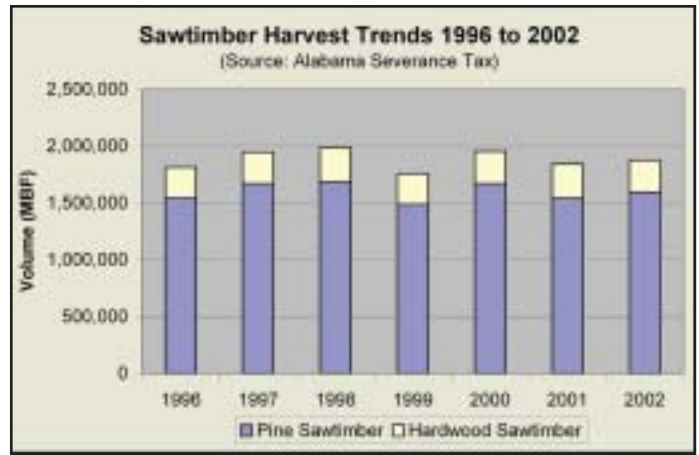
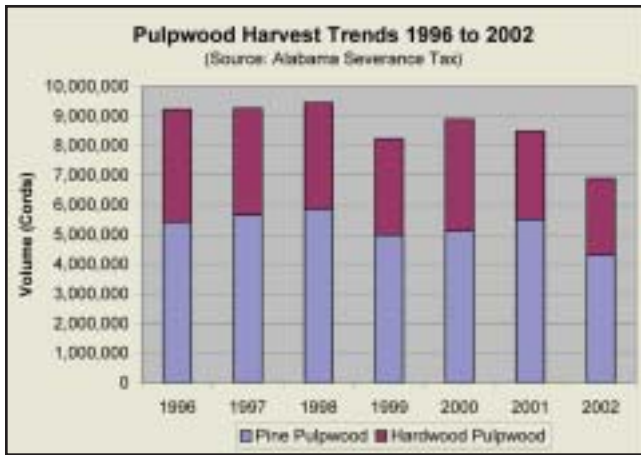
Pine pulpwood prices still reflect an oversupply condition with reduced demand. Pine pulpwood prices leveled off in 2002 after dropping to a ten-year low of around \$16 per cord. Pine pulpwood will continue to remain weak or slightly decrease, as additional wood from plantations becomes available. Price trends for this material will depend on whether or not new markets are devel-

oped. Hardwood pulpwood prices have remained steady and slightly higher than pine for a second year, and averaged around \$21 per cord.

Sawtimber prices remain strong as house constructions soar with historically low mortgage rates. However, there is some indication that housing starts may be slowing down. Although sawtimber

prices dropped slightly over the last three years, they are still historically strong. Between 2001 and 2002, pine sawtimber gained back some earlier losses to end up at \$331 per thousand board feet, *Scribner*. Oak sawtimber rates declined slightly over the last two years to approximately the same level as pine. Rates were fairly equal across the entire state.





Timber Harvest Trends

Timber Mart - South unit rates were applied to the volume of timber harvested (based on timber severance tax receipts) to estimate the stumpage value harvested in 2002.

The total estimated value of stumpage harvested in 2002 is 735.8 million dollars. This is up 2 percent from 2001 harvests. Pine sawtimber harvest value went up 9 percent to 536 million dollars, while pine pulpwood value went down 26 percent to 69.8 million dollars, and hardwood pulpwood value went down 11 per-

cent to 54.5 million dollars. The other main primary products remained fairly steady.

The state maps below show the total stumpage value harvested in 2002 by county and the change in value from the previous year. As shown on the maps, there was a considerable reduction in harvests throughout the central portion of Alabama. Based on this information, the southwest portion of Alabama continues to lead the state in timber harvests. 📍

References:

Timber Mart - South; Daniel B. Warnell School of Forest Products, University of Georgia, Athens, Georgia (reprinted with permission).

Alabama Department of Revenue, Severance Tax Receipts.

Wear, D.N. and Greis, J.G. 2002. *Southern Forest Resource Assessment*. General Technical Report SRS-53. Asheville, NC. Department of Agriculture, Forest Service, Southern Research Station. 635 p.

Total Stumpage Value for 2002
(Total per county, reported in Thousand Dollars)



Difference in Total Stumpage Value, 2002-2001
(Total per county, reported in Thousand Dollars)

